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SUBJECT: IRELAND OPPOSES U.S. FINANCING REFORM PROPOSAL FOR
OECD

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¶1. (SBU) The Irish Government strongly opposes USG proposals for OECD financing reform, according to John Rowan, Department of Foreign Affairs (DFA) Counsellor for EU Common Policies, JHA, and the OECD, to whom Pol/Econ Chief delivered reftel demarche on May 10. Rowan explained that Ireland had never accepted any linkage between OECD enlargement and financing reform, and he added that there had been no mention of such reform in the OECD Ministerial Council's statement last May on the financing of enlargement. He further noted that Ireland had joined the OECD on agreed terms and had increased its contributions by 10 percent annually over the last decade. (Ireland's OECD Part I contribution stands at roughly euro 1 million, or 0.59 percent of the OECD budget, according to Rowan.) The USG proposal, he argued, would require Ireland and similarly sized members to triple their contributions, while the six largest contributors would effectively pay nothing toward enlargement. Rowan also rejected the estimate of euro 2.4 to 5.6 million as the recurring average cost per member, saying that this estimate had never been agreed by the OECD Council and that the administrative burden placed on the organization by Ireland's two diplomats could not compare with that of much larger members.

¶2. (SBU) Ireland supports bids by Estonia and Slovenia to be included in the first tranche of new OECD members, said Rowan. He related Ireland's position that the remaining members of the EU-8 should be able to accede at some point, and he explained that the Irish Government favored OECD Secretary-General Gurria's latest proposals on the

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enlargement process, including accession by Israel and Chile. Rowan added that the OECD should not be an "EU creature" and that there would be benefits to diversifying the organization's membership. At the same time, Ireland had concerns about the difficulties posed by the OECD's recurrent budgetary and other problems for the absorption of new members.

¶3. (SBU) The Irish Government welcomes the USG decision not to block the start of OECD accession negotiations with Russia, observed Rowan. He remarked that Russia's aggressiveness toward Estonia in recent days was indicative of the challenges that would likely beset and draw out the negotiations. Russia's eventual accession, however, would enhance the OECD's influence at a time when the organization's prestige had slipped in comparison with other international financial bodies, such as the IMF. Regarding the U.S. intention to note in the ministerial statement that Russia does not currently meet OECD standards on open market reform and democratic governance, Rowan expected that wording could be worked out to reflect that reality. He cautioned,

though, against a statement categorizing Russia in a way that
might sour the prospects for beginning accession talks.
FOLEY